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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. 235

EDWARD VALVES, INC., and ROCKWELL MANUFACTURING COMPANY, *Petitioners*

v.

CAMERON IRON WORKS, INC., *Respondent*

BRIEF FOR RESPONDENT

In Opposition to Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

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Opinion of Trial Court

Since the Petition for Writ of Certiorari lacks a reference to the report of the opinion of the trial court in this case, as the Respondent believes is called for by the rules of this court, such reference is presented here. The opinion is reported at 175 F. Supp. 423 and may be found in full in the Record commencing at R. 726. The findings of fact and conclusions of law submitted by counsel were incorporated in the opinion.

Additional Statement of the Case

Inasmuch as the trial court's findings of fact and conclusions of law are under such vigorous attack, a short statement as to the proceedings leading to their adoption is included.

The trial judge, at the conclusion of eight days of trial, and after receiving defendants' counsel's statement that their trial briefs fully stated their position and the case had been fully presented (R. 720), announced his decision. Thereupon, in open court, counsel for plaintiff was asked to submit appropriate findings of fact and conclusions of law "to be realistic, based on the evidence in this suit." (R. 721-722). The court's ruling was "for the plaintiff on all issues." (R. 723).

The findings of fact and conclusions of law were submitted, and copies were served on opposing counsel. Thereafter, the trial judge entered his opinion in which the findings of fact and conclusions of law were incorporated. Defendants' counsel was never precluded from submitting requested findings of fact and conclusions of law, nor did counsel ever tender any to the court. Defendants did not file a motion under Rule 52(b) *F. R. C. P.* seeking an amendment to the findings or the entry of additional findings.

The patent in suit relates to valves with a rubber-like seat. Such valves are sometimes called resilient seated valves. Plaintiff's resilient seated valve is covered by a now expired patent 2,194,262 and is sold under the trademark "FLEX-SEAL". It does not come under the patent in suit. Defendants' valve adjudged to infringe the patent in suit is sold under the trademark "MUDWONDER".

The resilient seated valves of both the plaintiff and defendants are in healthy competition with other valves supplied to the oil and gas well drilling industry by a number of valve manufacturers. (R. 758, finding 6, entered in support of the judgment dismissing the counterclaim from which no appeal was taken).

Reasons and Argument for Denying the Writ

The petition should be denied because the statement of Questions Presented is highly inaccurate.

Referring to questions 1 and 2, the opinion of the Court of Appeals, after comparing the findings with the record, concluded that the findings were amply supported and there was no substantial inconsistency between the findings and the stated reasons announced by the trial judge for his decision. (Page 7a and page 33a of Appendix to Petition). Petitioners, to provide a factual basis for the petition, assume what they seek to prove and what the Court of Appeals has refuted; namely, that the findings are without support in the record and are inconsistent with the announced reasons for the decision.

Similarly, with respect to questions 3 and 4, the facts are not accurately stated. Both the trial court and the Court of Appeals have found that the accused device literally responds to the claims and that it is substantially identical "as to structure, work done, function, and result." (Page 18a of Appendix to Petition). It has not been necessary to stretch the claims, as the petition implies, or even to apply the doctrine of equivalents.

The reasons for denial of the petition are set out more specifically and in detail below:

1. The trial court entered comprehensive findings of fact and conclusions of law pursuant to Rule 52(a) *F. R. C. P.* Petitioner is here challenging the findings of fact but does not challenge the conclusions of law as based on the facts as found. These facts not only were adopted by the trial court, but they were used as a yardstick for the consideration of the record by the Court of Appeals. The 33-page appellate opinion is unusually full in its scope and illustrates the care with which the record was weighed with respect to the findings of fact as to the issues of validity of the patent and as to infringement. After this complete review, the Court of Appeals concluded, at page 33a of Appendix to Petition:

> "We have considered all of the appellants' arguments, . . . The record as a whole supports the district court's findings of fact and conclusions of law."

2. Question 1, presented by the petition, is whether the findings of fact "are inconsistent with the reasons previously announced by the judge for his decision". (Petition, page 3). Petitioners contend the trial judge in stating he had been seduced by the prior art meant that he considered the prior Stekoll decision as res judicata. This does not follow. The findings of fact are in no way inconsistent with the trial judge's statement. They show as the reason for his decision that the prior art introduced in the two cases was substantially identical.

The Court of Appeals' opinion correctly states the proper rule of law and resolved this same issue against defendants, in stating:

> "A decision adjudging a patent valid is binding neither as res judicata nor as estoppel by judgment in

> suits against different parties involving different prior art. *Graham et al v. Cockshutt Farm Equipment, Inc.* 117 U.S. USPQ 439. See 3 Walker, Patents, §§ 608-09. Looking at the record as a whole, however, we find that the trial judge did not regard Stekoll as binding on him in this different case. He permitted the introduction of voluminous evidence on the issue of validity of the patent in suit. He made detailed findings distinguishing the Allen patent from the prior art. He gave detailed reasons for his conclusion that the Allen patent was valid. He may have made a bow or a grimace in the direction of Stekoll. That is all he did. The district judge's comprehensive findings and conclusions on the issue of validity are inconsistent with any view except that he reached his own decision, without benefit of res judicata or estoppel by judgment." (Quotation from page 7a of Appendix to Petition).

3. In Question 2, Petitioners question the weight to be given to findings of fact prepared by counsel and adopted by the trial court. This question was resolved by the Supreme Court in *United States v. Crescent Amusement Co.*, 323 U.S. 173 (1944); 89 L. Ed. 160. The opinion states, at pages 184-185 of the U. S. Reports:

> "The defendants finally object to the findings on the ground that they were mainly taken verbatim from the government's brief. The findings leave much to be desired in light of the function of the trial court. See United States v. Forness (CCA 2d) 125 F.(2d) 928, 942, 943. But they are nonetheless the findings of the District Court. And they must stand or fall depending on whether they are supported by evidence. We think they are."

The Court of Appeals' decision is consistent with this ruling. Its opinion on rehearing, based on this same contention, reads:

> "We strongly disapprove any attempt to downgrade a trial judge's important function of fact-finding. Findings and conclusions which represent a trial judge's 'independent judicial labors and study' are far more helpful to this Court than the mechanical adoption of the successful attorney's 'suggested' findings. *Kinnear-Weed Corp. v. Humble Oil & Ref. Co.*, 5 Cir., 1958, 259 F. 2d 398, 401; *United States v. Forness*, 2 Cir., 1942, 125 F. 2d 928, 942. Nevertheless, the same test is applied to findings, whether the court prepared them or adopted those submitted by counsel. The court's adoption of appellee's findings does not impeach or discredit them. . . . We have, however, compared the record and the findings in the light of the petition for rehearing. We cannot say that the findings fail to reflect the record or that there is so substantial an insistency between the findings and the district court's reasons for its decision as to require reversal of the judgment below." (Quotation from pages 35a-36a Appendix to Petition).

4. This court resolved any conflict that might have existed between the decisions of the courts of appeals for the various circuits, as to the effect of finding of fact adopted by the trial court from those submitted by counsel, in *United States v. Crescent Amusement Co.*, 323 U. S. 173, 89 L. Ed. 160 (1944). In *Chicopee Manufacturing Corp. v. Kendall Company*, 288 F. 2d 719 (4 Cir. 1961), relied upon by Petitioners to show a conflict, the court expressly followed the Crescent Amusement Co. case. The court stated at page 724 of the decision:

> "There is authority for the submission to the court of proposed findings of fact and conclusions of law by the attorneys for the opposing parties in a case, and the adoption of such of the proposed findings and conclusions as the judge may find to be proper. See United States v. Crescent Amusement Co., 323 U.S. 173, 184, 65 S. Ct. 254, 89 L. Ed. 160; (other cases cited)".

The other case* relied on by Petitioners to show a conflict really is in accord with the rule announced by the court of appeals in this case; namely, that findings actually representing the "independent judicial labors and study are far more helpful to this Court". The court in the *Red Star* case in commenting on findings of fact prepared by counsel said at page 309:

> "This court has heretofore had occasion to comment on the undesirable character of findings thus made. To the extent that such findings go beyond the facts as stated in the trial judge's opinion, they have less weight on appeal than they would be entitled to if they represented the judge's independent determination."

5. In question 3 of the petition, it is urged that the court of appeals measured the patent's scope by the statement of the object of the invention. This contention is at variance with the opinion of the court of appeals as well as the findings of fact of the trial court. Petitioners' Brief at page 15, bases this contention on a part of the court of appeals' decision, taken out of context, which

*Red Star Towing & Transportation Co. v. The Hudson, 219 F.2d 307 (2 Cir. 1955).

refers to the principle object of the invention, as stated in the patent. However, petitioners stopped their quotation too soon. In the same paragraph the court announces the correct rule that "it is well-settled that the claims delineate the scope of protection afforded by a patent."

The controversy as to infringement really centers around the use of the term "lip" or "lips" as used in the claims of the Allen patent. On this score, the court of appeals stated:

> "A. The defendants argue that the 'lips' defined in detail in the Allen patent and in each of the Allen claims do not exist in the Mudwonder valve. The parties disagree as to the meaning of the words 'lip' or 'lips' as used in all of the claims of the Allen patent. But the defendants themselves, as late as June 27, 1955, used the term 'lips' to describe the seat insert of the Mudwonder valve in the report of their research engineer C. Stevens. In talking of the insert, the Edward men spoke of the 'lips', and in applying for a United States patent on the Mudwonder valve as first prepared they used the term 'lips' with reference to the seals. Later, they stopped using the term in describing the Mudwonder, although they did not delete the term from their patent application until July 1, 1953. And, by their own admission Edward's officers definitely knew about the Allen patent long before they decided to stop using the word 'lips'." (Quotation from page 15a Appendix to Petition.)

The court of appeals' discussion of the terms of the claims relative to the infringement issue extends from page 14a through page 25a of the Appendix to the Petition. This comprehensive treatment separately resolved the various contentions of non-infringement against the defendants.

6. Neither of the courts below extended the scope of the patent claims beyond their literal terms in finding infringement. Neither court resorted to the doctrine of equivalents. The court of appeals, in holding the MUD-WONDER met a strict construction of the claim language, said:

> "A comparison of the 'Mudwonder' seal with the definition of the lips as contained in the claims of the Allen patent does not bear out the defendants' contention. The lower court found that the two valves were substantially identical as to structure, work done, function, and result. The evidence amply supports these findings."
> (Quotation from page 18a Appendix to Petition).

7. Question 4 presented by the petition indicates that sustaining the decision will eliminate competition with respondent's valve made under an expired patent. This contention violates logic in that anyone is free to utilize the expired U. S. Patent 2,194,262. The contention is also contrary to the findings of fact from which no appeal was taken, entered by the trial court in support of the dismissal of the counterclaim. Finding of Fact 6 (R. 758) reads:

> "6. Healthy competition exists in the market supplying valves to the oil and gas well drilling industry for service in mud lines, well cementing, formation fracturing and other services in which plaintiff's Flex-Seal valve and defendants' Mudwonder valve are used. Each of these valves competes with valves manufactured and offered for sale in use in these services by numerous manufacturers."

Conclusion

From the foregoing, it is manifest that the questions presented by the Petition are factual in nature and that a third review of the record would serve no important purpose contemplated by Rule 19 of this court's rules.

Respectfully submitted,

BROWNING, SIMMS, HYER
& EICKENROHT

By _____

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Certificate of Service

I certify that copies of the foregoing Brief for Respondent were duly served upon petitioners herein, by depositing same in the United States mail, first class, postage prepaid, addressed to Garrett R. Tucker, Jr., Esperson Building, Houston, Texas, on August _____, 1961.

_____

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